



# OLR RESEARCH REPORT

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## **HEALTH INSURANCE OPTIONS FOR SMALL EMPLOYERS, INCLUDING SELF-EMPLOYED INDIVIDUALS**

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You asked what group health insurance options exist for small employers, including self-employed individuals. You also asked if Connecticut will open an online marketplace (called an “exchange”) where small employers can shop for health insurance pursuant to the federal Patient Protection and Affordable Care Act.

### **SUMMARY**

In Connecticut, a small employer is a business that employs no more than 50 employees and includes a self-employed individual. A small employer wanting to purchase health insurance for its employees has several options, including:

1. purchasing a commercial insurance policy underwritten by a licensed insurer or health maintenance organization (HMO);
2. obtaining coverage under a plan arranged by the state comptroller, called the Municipal Employees Health Insurance Program (MEHIP) for commercial small groups; and
3. obtaining coverage under a plan issued to an association, such as the Connecticut Business & Industry Association (CBIA) Health Connections program.

The federal Patient Protection and Affordable Care Act (P.L. 111-148) became law in March 2010. It requires most Americans to have insurance beginning in January 1, 2014 or pay a penalty. It also requires states to create an online marketplace, called an “exchange,” where individuals and small employers can shop for health insurance.

[Public Act 11-53](#) established the Connecticut Health Insurance Exchange (HIX) as a quasi-public agency overseen by a 14-member board of directors. The board is planning and implementing Connecticut’s exchange. It plans to begin marketing health insurance policies in October 2013 for coverage beginning January 1, 2014.

For more information on the HIX and to follow its development, see <http://www.ct.gov/hix>.

## **COMMERCIAL INSURANCE**

Small employers may obtain health insurance coverage for employees by purchasing an insurance policy from a commercial insurer or HMO, collectively known as “carriers.”

Federal and state laws require carriers to offer coverage to small employers on a guaranteed availability basis. “Guaranteed availability” means that carriers that offer coverage in the small group market must accept every small employer that applies for coverage, regardless of the employer group’s claims history or health status.

The federal Health Insurance Portability and Accountability Act (P.L. 104-191) requires guaranteed availability of health insurance coverage for small employers, defined as employers who employ between two and 50 employees. Connecticut law defines a small employer as an employer who employs between one and 50 employees, including self-employed individuals (CGS §§ [38a-564\(4\)](#) and [38a-567\(10\)](#)).

According to the state Insurance Department, because federal and state law definitions differ, commercial carriers must offer all their small group plans on a guaranteed availability basis to groups with two to 50 employees. Employer groups with one employee (i.e., a self-employed individual) are subject to medical underwriting based on the carrier’s underwriting guidelines. However, individuals who do not meet the underwriting guidelines are eligible to apply on a guaranteed availability basis for the carrier’s statutory small employer plan (CGS § [38a-564](#), et seq.).

## **Commercial Carriers**

The Insurance Department maintains a website listing\* of commercial carriers with approved small employer health insurance policies in Connecticut (<http://www.ct.gov/cid/cwp/view.asp?q=254446>). The carriers are:

1. **Aetna Life Insurance Company**  
860-273-0123  
[www.aetna.com](http://www.aetna.com)
2. **Aetna Health, Inc.**  
860-273-0123  
[www.aetna.com](http://www.aetna.com)
3. **American Medical and Life Insurance Company**  
516-822-8700  
[www.usamli.com](http://www.usamli.com)
4. **Anthem Blue Cross & Blue Shield of Connecticut**  
203-239-4911  
[www.anthem.com](http://www.anthem.com)
5. **CONNECTICARE, Inc.**  
800-723-2986  
[www.connecticare.com](http://www.connecticare.com)
6. **John Alden Life Insurance Company**  
800-800-1212  
[www.jalden.com](http://www.jalden.com)
7. **Mega Life and Health Insurance Company**  
800-527-5504  
[www.megainsurance.com](http://www.megainsurance.com)
8. **Metropolitan Life Insurance Company**  
212-578-2211  
[www.metlife.com](http://www.metlife.com)
9. **Mid-West National Life Insurance Company of Tennessee**  
800-733-1110  
[www.midwestlife.com](http://www.midwestlife.com)

10. **New England Life Insurance Company**  
617-578-2000  
[www.metlife.com](http://www.metlife.com)
11. **Oxford Health Insurance Inc.**  
800-889-7658  
[www.oxhp.com](http://www.oxhp.com)
12. **Oxford Health Plans (CT) Inc.**  
800-449-8880  
[www.oxhp.com](http://www.oxhp.com)
13. **Trustmark Life Insurance Company**  
800-666-6977  
[www.trustmarkinsurance.com](http://www.trustmarkinsurance.com)
14. **Union Security Insurance Company**  
800-733-7879  
[www.assuranthealth.com](http://www.assuranthealth.com)
15. **United Healthcare Insurance Company**  
860-702-5000  
[www.uhc.com](http://www.uhc.com)

(\*Website last viewed December 4, 2012)

## **MEHIP - COMMERCIAL SMALL GROUP**

The MEHIP plan is available to small employer groups on a guaranteed availability basis (<http://www.ctmehip.com>). It offers a variety of plan designs from two insurers: Anthem Blue Cross and Blue Shield and Oxford Health Plans (a United Healthcare company).

MEHIP was originally created to help cities and towns provide health insurance coverage for municipal employees. Public Act 03-149 added employees of small employers to the list of employees for whom the state comptroller is authorized to arrange group health insurance (CGS § [5-259\(i\)](#)).

By law, (1) any coverage arranged for small employers must be underwritten according to the state's small employer adjusted community rating law (found at CGS § [38a-567\(5\)](#)) and (2) small employers must comply with the following requirements:

1. Participation in the plan must be voluntary.

2. Where an employee organization represents employees of a small employer, both parties must agree on participation and neither may submit the issue of participation to binding arbitration, where available, except by mutual agreement.
3. No group of employees may be denied participation because of past or future health care costs or claims experience.
4. Rates paid by the state for its employees may not be adversely affected, and the state cannot pay administrative costs to the plan.
5. Participation in an amount determined by the state must be for the plan's duration or such other period on which the small employer and comptroller agree.

## **CBIA HEALTH CONNECTIONS**

A small employer may also obtain health insurance coverage for its employees through membership in an association. For example, CBIA members may participate in the CBIA Health Connections program. The program offers small business members with three to 50 employees a choice of benefit plans from three insurance companies--Aetna, Connecticare, and Oxford. More information, including plan summaries, is available at <http://www.cbiam.com/ieb/er/medical/hc3/default.htm>.

## **RELATED OLR REPORTS**

- [2007-R-0246](#), Health Insurance Options for the Under-65 Population
- [2010-R-0255](#), Federal Health Care Reform: Private Health Insurance Provisions
- [2011-R-0362](#), Small Employer Health Insurance Law in Connecticut
- [2012-R-0051](#), CBIA Health Connections

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